

Message Text

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ORIGIN EB-11

INFO OCT-01 EA-11 ISO-00 AS-01 AID-20 CIAE-00 COME-00

FRB-03 INR-11 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

SP-03 CIEP-03 LAB-06 SIL-01 OMB-01 PRS-01 /093 R

66609

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APPROVED BY: EB/OCA/REP:GPWILSON

WWGLICK/ACT EX VICE PRES

EB/IFD/ODF:EMLINTON

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R 302120Z SEP 74

FM SECSTATE WASHDC

TO AMEMBASSY TAIPEI

UNCLAS STATE 215235

E.O. 11652: N/A

TAGS: APUB, TS

SUBJ: PRESS RELEASE ON EXIMBANK CREDIT TO REPUBLIC OF CHINA
(TAIWAN)

FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON THE DIRECT
CREDIT OF DOL 4.4 MILLION TO CHINA SHIPBUILDING CORPORATION OF
TAIPEI. RELEASE IS SCHEDULED FOR ANNOUNCEMENT HERE IN WASHINGTON, D.C

FOR A.M. PAPERS, FRIDAY, OCT 11, 1974.

QUOTE: EXIMBANK CREIDT OF DOL 4.4 MILLION SUPPORTS SALES OF
DOL 11 MILLION FOR U.S. EQUIPMENT FOR A SHIPYARD IN THE REPUBLIC
OF CHINA

TO HELP FINANCE AN DOL 11 MILLION SALE OF U.S. EQUIPMENT FOR A NEW
SHIPYARD IN THE REPUBLIC OF CHINA (TAIWAN), THE BOARD OF DIRECTORS
OF THE EXMPORT-IMPORT BANK OF THE UNITED STATES HAS AUTHORIZED A
DIRECT CREDIT OF DOL 4.4 MILLION TO FINANCE 40 PERCENT OF THE TOTAL
U.S. COSTS. A CREDIT OF DOL 4.4 MILLION FROM FIRST NATIONAL BANK
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OF BOSTON WILL FINANCE ANOTHER 40 PERCENT OF THE U.S. COSTS, OF

WHICH DOL 2.2 MILLION WILL BE COVERED BY EXIMBANK'S FINANCIAL GUARANTEE. THE BALANCE OF THE U.S. COSTS OF 20 PERCENT OR DOL 2.2 MILLION WILL BE A CASH PAYMENT BY THE BORROWER, CHINA SHIPBUILDING CORPORATION OF TAIPEI.

THE PROJECT CONSISTS OF THE DESIGN, CONSTRUCTION, AND EQUIPPING OF A NEW SHIPYARD LOCATED IN KAOHSIUNG, WHICH WILL HAVE A TOTAL ESTIMATED COST OF OVER DOL 168 MILLION. THE CHINA SHIPBUILDING CORPORATION IS CONSTRUCTING THE SHIPYARD IN ORDER TO BUILD VERY LARGE CRUDE CARRIERS AS WELL AS PROVIDING FACILITIES FOR SHIP REPAIR.

U.S. PURCHASES WILL INCLUDE OVERHEAD CRANES, AIR COMPRESSORS, LATHES, PANEL LINE, BORING MACHINES AND WELDERS AND GRINDERS.

THE LOANS ARE TO BE REPAYED IN 14 SEMIANNUAL INSTALLMENTS BEGINNING APR 5, 1977. EXIMBANK'S CREDIT OF DOL 4.4 MILLION WILL BE REPAYED OUT OF THE LAST 7 INSTALLMENTS AT AN INTEREST RATE OF 8 PERCENT PER ANNUM, WHICH WHEN BLENDED WIT THE PORTION OF THE CREDIT FROM PRIVATE SOURCES RESULTS IN AN INTEREST COST TO THE BORROWER OF ABOUT 9.27 PERCENT TO 9.52 PERCENT PER ANNUM. REPAYMENT OF ALL LOANS IS TO BE GAURANTEED BY THE GOVERNMENT OF THE REPUBLIC OF CHINA. UNQUOTE INGERSOLL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 30 SEP 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE215235
Document Source: CORE
Document Unique ID: 00
Drafter: AMOHANIAN/RLS
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740277-0820, D740276-0509
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t1974091/aaaaaazl.tel
Line Count: 84
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: elyme
Review Comment: n/a
Review Content Flags:
Review Date: 19 MAR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <19 MAR 2002 by maustmc>; APPROVED <10 FEB 2003 by elyme>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PRESS RELEASE ON EXIMBANK CREDIT TO REPUBLIC OF CHINA (TAIWAN)
TAGS: APUB, TS
To: TAIPEI
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005